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LEADERS ATTEND POLISH NATIONAL DAY RECEPTION

AU222008 Sofia Domestic Service in Bulgaria 1930 GMT 22 Jul 86

[Text] Wieslaw Bek, the Polish ambassador extraordinary and plenipotentiary to Bulgaria, gave a reception this evening at the embassy on the occasion of his country's national day. Cordial congratulations were tendered by Cormades Yordan Yotov, Milko Balev, Petur Tanchev, and Dimitur Stanishev; Kiril Zarev, deputy chairman of the Council of Ministers; ministers and deputy ministers; leaders of sociopolitical and mass organizations; and science, culture, and art figures. Also present were leaders and members of the diplomatic missions accredited to Bulgaria. The reception was held in a warm comradely atmosphere.

KHRISTOV RECEIVES CUBAN PARTY DELEGATION

AU222043 Sofia Domestic Service in Bulgarian 1930 GMT 22 Jul 86

[Text] Comrade Emil Khristov received a delegation led by Jaime Crombet Hernandez, member of the Secretariat of Communist Party of Cuba. The guests were briefed on the topical tasks which the Bulgarian Communists and all the workers are solving in fulfillment of the decisions of the 13th BCP Congress. At the meeting the ascending development of the fraternal cooperation between the two parties was stressed, as well as its importance for the further (?deepening) of the comprehensive Bulgarian-Cuban relations.

ZHIVKOV, ATANASOV RECEIVE IRAQI MINISTER 'AZIZ

AU221224 Sofia BTA in English 1154 GMT 22 Jul 86

[Text] Sofia, July 22 (BTA) -- Today, State Council President Todor Zhivkov received Mr. Tariq 'Aziz, deputy prime minister and minister of foreign affairs of Iraq, who is paying an official visit to this country. Mr. Tariq 'Aziz delivered the greetings of the Iraqi leader Mr. Saddam Husayn and his wishes for the prosperity of Bulgaria.

The talks discussed the state and prospects of bilateral relations, which were assessed as very good. The two sides also discussed topical issues of the international situation. They stressed the necessity for new political thinking the the nuclear age and for the consolidation of the relations between all countries and the promotion of cooperation in the name of peace and security on the planet. Our times require the taking of immediate measures for stopping the arms race and for eliminating all mass annihilation weapons.

Mr. Todor Zhivkov and Mr. Tariq 'Aziz declared themselves for the settlement of the conflict between Iraq and Iran and for finding a just and lasting solution to the problems between the two countries.

In connection with the Middle East crisis it was stressed that it can be resolved only on a just basis respecting the interests of all, including the irreversible rights of the Palestinian people for founding a state on their own territory. The talks were attended by Foreign Minister Petur Mladenov. Mr. Tariq 'Aziz also had talks with Mr. Georgi Atanasov, chairman of the Council of Ministers, with whom they discussed a wide range of issues of bilateral relations.

DIFFICULTIES FOR TURKISH DRIVERS DENIED

AU221716 Sofia BTA in English 1525 GMT 22 Jul 86

[Text] Sofia, July 22 (BTA) -- "We would like to stress once again that no order stating that it is obligatory for foreign drivers to own international driving licenses when driving non-stop through Bulgaria has been issued," Colonel Nikolay Resilovski of the Traffic Safety Department (KAT) with the Ministry of Internal Affairs said before a BTA reporter today.

According to information provided by Turkish citizens driving through Bulgaria in the last few days, the West European press, radio and television continue to assert that enormous fines are allegedly imposed by the Bulgarian authorities on foreigners who do not own international driving licences. Those ready to start on their way to Turkey have to wait several days in order to receive such a licence. When driving through Bulgaria they are greatly surprised that no one asks them to produce the document. 68,555 cars driven by Turks passed non-stop through Bulgaria on the E-80 international highway on July 20, 1986 and on July 21 their number was 60,963. Almost all drivers possessed new international driving licences which they had received after waiting for several days due to the strange campaign in Western Europe.

"Many Turkish citizens have told us that they were sent back from the FRG border check points in order to get themselves such licences", Colonel Resilovski said.

Annually some 600-700 thousand cars owned by Turks drive non-stop through Bulgaria on the 370-km long E-80 highway. The peak periods are in July and in the beginning of August in the direction of Turkey and about a month later in the opposite direction.

The Bulgarian authorities have specified 13 places between the border check-points of Kalotina (on the border with Yugoslavia) and Kapitan Andreevo (on the border with Turkey) where the transit travellers may rest, i.e. every 30 kilometers. These are big parking lots, motels, camping sites. According to the transport control authorities at present there are no traffic jams along the E-80 international highway and the tranit vehicle columns for Turkey travel at ease. From May 1 to July 10, 1986 the KAT authorities have sanctioned 3,769 Turkish drivers, at an average daily traffic of 14,000 cars. 33 percent out of them have been fined from 2 to 5 leva, 65 percent - from 5 to 20 leva, and only 2 percent have been fined up to 200 leva for heavy road accidents. According to observations, during the recent years, on Bulgarian territory, the transit drivers make less infringements of traffic regulations than on the territory of other European countries through which they pass. 60 percent of the sanctions are for exceeding the speed limit. Heavy road accidents have resulted only from overfatigue or because the drivers have fallen asleep. Often the cars of Turkish citizens get out of order -- mostly old makes of mini-buses. In such cases the emergency road service of the Union of Bulgarian Drivers transports the damaged cars to the Bulgaro-Turkish border.

Representatives of the border control authorities and of the Bulgarian customs said that in spite of the great accumulation of transit travellers, in the peak periods, a car does not need more than 10 minutes to pass the border check-point.

LEUSCHNER VIEWS STOCKHOLM CDE NEGOTIATIONS

DW222018 East Berlin Domestic Service in German 1700 GMT 21 Jul 86

[Guenter Leuschner's weekly international review]

[Excerpts] [Passage omitted] The delegates to the Stockholm Conference on Disarmament in Europe [CDE] planned to go into recess this week following the conclusion of the 11th round of negotiations, and before the decisive final phase of the conference will begin on 18 August. However, France, supported by the Soviet Union, suggested that work should be continued during the summer recess and that every opportunity should be utilized to guarantee a successful outcome by 19 September despite all difficulties. That was suggested immediately following Mitterrand's visit to the Soviet Union. It clearly shows that there is a connection between the two aspects.

In fact, not only the mood of the delegates to the Stockholm negotiations has improved. The head of the Soviet delegation, Grinevskiy, on Friday spoke about progress which had been reached in the past days and weeks. The rate of the editorial work is now increasing, even though it is not yet satisfactory. By declaring their readiness at the conclusion of the last round to postpone the announcement of the air forces' independent activities to the next phase of the conference, the socialist countries have shown an accommodating attitude and thereby eliminated another obstacle. The NATO states, too, in the past weeks signalled compromise readiness, so that the guarded optimism which is spreading everywhere in Stockholm is indeed justified.

Yet, it seems to be premature to speak of a breakthrough. On the one hand, two or three difficult problems still have to be resolved. On the other, we cannot so easily forget what happened in Bern several weeks ago. There, at the CSCE meeting of experts on human contacts, a complete and sound document was submitted to the delegates, which was approved by 34 states. It was, however, rejected by one country -- the United States. Therefore, we will probably only know on the last day of the Stockholm conference whether optimism is justified.

It will naturally be of utmost importance for the Vienna CSCE meeting in the fall. The socialist countries want that third follow-up meeting since the signing of the Helsinki Final Act to play a very important part in the reactivation of detente on our continent. It can do that if the other European countries, also are determined to achieve that goal.

Reduced to the essential, the intensive European dialogue which is taking place in these summer weeks and of which Mitterrand's visit to Moscow, the Soviet foreign minister's negotiations in London, and now Genscher's visit to the Soviet Union are particularly striking examples, is to serve one goal -- the mobilization of all forces in Europe for a change from confrontation to political and military detente.

By convincingly demonstrating that it does not make policy over others' heads and interests but utilizes even the smallest bases for joint action, the Soviet Union obviously has brought about some change in the thinking of some West European politicians. That is at least a beginning.

There may have been occasional irritation in the West about the pace of Soviet policy. But Gorbachev's recent message to a number of European statemen and to the countries of the 6-state-initiative once again explained the reason for that pace.

It says that it is necessary, because otherwise the modernization of arms technology would outstrip political efforts, and decisions would be made by machines with which failures or human shortcomings are possible everywhere, as the report on the causes of the Chernobyl disaster has shown.

Therefore, if some movement is clearly evident in the European countries' policy -- first signs of more cooperation -- the question naturally remains as to whether that can also be said about the United States. Meanwhile there is an agreement on a Soviet-U.S. foreign minister's meeting which will probably be held in September. There is an agreement, which was suggested by the Soviet Union, to hold a special session of the two countries' consultative commission on problems in connection with SALT II. Through that channel the Soviet Union would like to make the United States rescind its announced decision on SALT. Finally, there will also be experts' talks between both countries on nuclear tests. Thereby the United States after 6 years now revises its 1980 decision on breaking off the negotiations on banning all nuclear tests. [passage omitted]

THE WALL STREET JOURNAL even said in a commentary that the continuing arms race touched off a deepening crisis of conscience. There is no doubt about that as far as the scientists are concerned. But how about the politicians? While stating its readiness to discuss the issue of nuclear tests with the Soviet Union, the United States carried out a new nuclear test. A spokeswoman of the organization "American Peace Test" made the sharp remark that the administration was double-dealing by saying that it was serious about negotiations and at the same time continuing its nuclear test program.

The problem no longer is the verification issue. The United States' recent nuclear explosion has been accurately monitored by scientists in Kazakhstan -- thousands of kilometers away. Thus basically the common goal of Soviet and U.S. scientists has already been reached. There are no verification problems. [passage omitted]

FELFE, KROLIKOWSKI AT POLISH NATIONAL DAY EVENT

LD221535 East Berlin Voice of GDR Domestic Service in German 1200 GMT 22 Jul 86

[Excerpts] The ceremonies of the 42d anniversary of the rebirth of Poland were introduced today with a large parade in Warsaw's Victory Square. [passage omitted]

In Berlin, Ambassador Janusz Obodowski held a reception. The invitation was accepted by the members of the SED Central Committee Politburo; Werner Felfe, Central Committee secretary; and Werner Krolikowski, first deputy chairman of the Council of Ministers, and by other persons.

DEPUTY DEFENSE MINISTER AT OFFICERS' GRADUATION

AU221320 East Berlin NEUES DEUTSCHLAND in German 18 Jul 86 p 2

[Excerpts] Dresden (ADN) -- On Thursday [17 July] the graduation of the 25th class of the "Friedrich Engels" military academy in Dresden was celebrated with a military ceremony which marked several years of studies. Colonel General Fritz Streletz, deputy minister of national defense and chief of the Main Staff of the National People's Army [NVA], presented the diplomas to the future commanders and political and staff officers of the NVA, Border Troops, and other protective and security organs of the GDR as well as of fraternal armies. This year for the first time comrades-in-arms of the Czechoslovak People's Army have graduated from this military educational institution, together with members of the Armed Forces of the USSR, the Polish Army, and of the Vietnamese People's Army. [passage omitted]

Participating in the event were Hans Modrow, first secretary of the Dresden Bezirk SED leadership; members of the collegium of the Ministry of National Defense, as well as generals, admirals, and officers of the NVA, the Border Troops, and other GDR protective and security organs, and of the Soviet Army. Also present were the military, naval, and air attaches of the Embassies of the USSR, the Polish People's Republic, and the SRV.

FRG TV REPORTS GDR POPULATION DECREASING

DW222051 Mainz ZDF Television Network in German 1700 GMT 22 Jul 86

[Text] The GDR population continues to decrease. That was announced by the Informations Buero West [West Berlin Information Office] with reference to official data from East Berlin. Although there are more births than deaths in the GDR, the population development continues to be slightly retrograde. The office is of the view that the increasing number of GDR citizens moving to the West accounts for that development. The GDR has a little less than 17 million inhabitants.

BRIEFS

COOPERATION TALKS WITH NICARAGUA -- On Wednesday [18 June] Gerhard Beil, minister of foreign trade, received for a friendly talk Alejandro Martinez Cuenca, minister of foreign trade of Nicaragua. They discussed questions of further deepening the economic cooperation in 1986 and the years after. Among other things, the GDR delivers trucks, products of communication technology, pesticides, and medicines to Nicaragua and imports raw coffee, cotton, cigars, rum, bananas, and textiles products. [Text] [East Berlin NEUES DEUTSCHLAND in German 19 Jun 86 p 2 AU]

PRC DELEGATION IN KARL-MARX-STADT -- A delegation of the Chinese Association for the Blind and Deaf arrived for a 2-day visit to the Karl-Marx-Stadt Rehabilitation Center for the Blind on 19 June. The delegation that is headed by the president of the association visited various teaching facilities and was interested above all in vocational training. [Summary] [East Berlin NEUES DEUTSCHLAND in German 20 Jun 86 p 2 AU]

SOLIDARITY AID FOR MOZAMBIQUE -- A comprehensive solidarity consignment of the GDR has been handed over in Maputo on the weekend [15-16 June]. It was organized by the GDR Solidarity Committee, the FDGB, and the Democratic Women's League of Germany for the Mozambique partner organizations. On behalf of her party and the Mozambique people, Christina Tembe, Central Committee member of the Mozambique Liberation Front Party, expressed thanks to the GDR. [Text] [East Berlin NEUES DEUTSCHLAND in German 17 Jun 86 p 6 AU]

SRV DELEGATION VISIT -- On Monday [5 May] Bruno Lietz, GDR minister of agriculture, forestry and the food industry, received a delegation of the Central Committee secretary Nguyen Thanh Binh in Berlin for friendly talks. The politicians briefed each other about the development and tasks in the agriculture, forestry and food industry of their respective countries. They spoke in favor of developing and deepening cooperation. In the next few days the SRV guests will acquaint themselves with the results of agriculture and forestry as well as of the processing industry in LPGs, enterprises and institutions. [Text] [East Berlin NEUES DEUTSCHLAND in German 6 May 86 p 2 AU]

CUBAN PARTY DELEGATION VISITS 17-22 JULY

LD221658 Budapest MTI in English 1531 GMT 22 Jul 86

[Text] Budapest, July 22 (MTI) -- A delegation of the Communist Party of Cuba, led by Jaime Crombet, secretary of the Central Committee, visited Hungary from July 17 to 22 on the invitation of the Hungarian Socialist Workers' Party Central Committee. The delegation met Ferenc Havasi, member of the HSWP political committee and secretary of the Central Committee.

The delegation held consultations with leading representatives of the economic management organs, and visited Veszprem County. The delegation was familiarized with the Hungarian economic management system and its operation, the practical application of results achieved in scientific and technical development, experiences gained in material and energy saving, the structure of the retail and servicing network, and visited industrial and tourism establishments.

The Cuban party delegation left Budapest Tuesday.

SARLOS MEETS WITH LUXEMBOURG PARLIAMENTARIANS

LD221503 Budapest MTI in English 1420 GMT 22 Jul 86

[Text] Budapest, July 22 (MTI) -- Parliamentary talks between Hungary and Luxembourg began Tuesday in Budapest. The Hungarian delegation is led by Istvan Sarlos, president of the National Assembly, the Luxembourg side by Leon Bolendorff, president of the House of Deputies.

In his introductory speech Istvan Sarlos stressed it was the first meeting in Hungary of parliamentary delegations of the two countries. The Luxembourg delegation is returning the visit of a Hungarian National Assembly delegation in 1982. Following [as received] Istvan Sarlos detailed the political and economic state of Hungary, and its foreign policy efforts, he set forth the major principles of operation of the Hungarian legislative body, and of the standing committees and discussed the practice of preliminary debate, and of examining the proposals and observations of deputies related to the documents to be submitted to the National Assembly.

The deputies from Luxembourg were particularly interested in the financial situation of Hungary, the principles and practice of the taxation system, budget management, and employment policy. Leon Bolendorff evaluated the meeting as practical and useful. He proposed the sides examine the possibilities of developing bilateral cooperation in several fields, including cultural, transportation, forwarding contacts, and direct trade relations.

Following the discussions, Istvan Sarlos hosted a lunch in honour of the Luxembourg delegation.

Janos Peter, vice-president of the National Assembly, also participated in the day's events.

JARUZELSKI EXAMINES POLAND'S FUTURE IN INTERVIEW

LD220001 Budapest Domestic Service in Hungarian 1900 GMT 21 Jul 86

[Interview with Wojciech Jaruzelski, first secretary of the PZPR Central Committee, president of the Council of State, by Hungarian correspondents Tamas Alaksza, Andras Domany, and Jozef Laszlo for Hungarian radio and television, in Warsaw; date and place not given, Jaruzelski answers in Polish with superimposed translation -- recorded]

[Text] [Reporter] Comrade General, you are less and less frequently addressed as comrade general. What has changed?

[Jaruzelski] People still address me as general, though perhaps less frequently, it is true. This is a result of normalization, one of its external signs, so to speak. However, I must stress at the same time that the concept of general in a socialist army is not in contradiction with the designation of party leader, or the politician of a socialist state. In this sense I do not see any basic contradiction. Whether I wear a uniform or not is not essential, only a matter of form, as is the way in which I am addressed. The most important thing is that this is the external sign, the expression of normalization.

[Reporter] I have heard the gossip, back in 1982, that the comrade general does not manage to go home to rest and for this reason he often spends the night in his workroom on a camp bed. When were you able to rest at home, comrade general? In other words, when did consolidation make this possible?

[Jaruzelski] My life developed in such a way that I always worked a great deal. I regularly got home very late as minister of national defense, and then the exercises came thick and fast. I used to go to the exercise fields a lot. At times I did not sleep for 3 to 4 nights in a row. People even wondered how I managed. From this point of view my stamina is fairly good. The years 1980 to 1982 demanded an even more stringent regime. Not only did I have to spend a lot of time working, but there was enormous tension, spiritual effort, and many times, it is true, I could not even leave this room. Even if I did not sleep on a camp bed, it was on a narrow sofa and I only got 1 to 2 hours' sleep. As a matter of fact, this sometimes happens even now when I have to perform some very urgent work, when the daytime hours are not sufficient for this. But I must say that since 1983 it has also been noticeable in my life's rhythm how normalization has been progressing.

[Reporter] Comrade General, in various interviews you have already said that the most difficult decision of your life was made in connection with 13 December 1981, the state of emergency. In your opinion, could there be such a difficult decision now, or a similarly difficult decision; in other words, when was it harder to lead the country, then, in the most dramatic period, or now, in the most difficult period?

[Jaruzelski] Well, these are things that cannot be compared. I once said with regard to the whole atmosphere, the character of the events, that the most dramatic phase was now behind us, but that the most difficult one was still ahead of us. The decision of 13 December was extremely difficult. But now I can say that it was made so that such a decision would never again have to be made. That is its significance. The decision was not aimed at defending that which was old and worn out, but it was aimed at creating the conditions for the introduction of the new thing that was proclaimed by the Ninth Congress.

When we say that the most difficult phase is still ahead of us, that is to be understood to mean that the most difficult thing is when persistently, day by day, the difficulties towering on the way have to be overcome. If I may put it like this, we have to overcome even our own selves. When the way of thinking of people, of big social groups has to be transformed; when new forms of work, of duty, of democracy, of discipline have to be created; when we step into a new phase in socialism's development; when new methods once again have to be sought; when both the past and the struggle going on inside and outside are a burden; or something that was so dramatic... [Jaruzelski changes thought] All of this is now certainly history. But we also have to tread the path before us across very difficult terrain. I would put it this way. We have to roll a heavy stone up the mountain, but this is no longer the job that Sisyphus had. The stone does not roll us back, we go further and further and higher and higher. Perhaps we will never reach the summit; the only thing that matters is if the stone becomes lighter and lighter and proceeds upwards faster and faster. Perhaps one could put it like this, figuratively.

[Reporter] The economic reform was started on 1 January 1982. Four years have elapsed since then. What is the situation now? What are the directions of the reform today and what are the changes?

[Reporter] If I might add a question to this. The 10th Congress took a stand on the side of continuing the reform and its radical phase. On the other hand, in light of the plans up to now, the rate of economic growth is not increasing significantly. If that is so, what is the meaning of the second phase of the reform?

[Jaruzelski] We brought the reform into being at the start of January 1982, that is to say in an extraordinary situation, at the time of the state of emergency and the deep economic recession. I might even say, almost on the ruins of the economy. Consequently, the circumstances of its introduction were very unfavorable. One way I have put this in the past is that the reform did not get sufficient air. I do not have to recall the curbs, do I -- the various difficulties that the Western states raised and the fact that everything was in short supply. Soviet assistance and the cordial attitude of the other friendly countries -- including that of Hungary, for which I say thank you here once again -- were extremely valuable for us at that time. But this phase was understandably overburdened by the difficulties I have mentioned, as well as by the lack of experience, or the experimental nature of certain solutions, and by the fact that the operation of certain mechanisms was not understood by the wide masses of the workers and not even by the leaders, not even by those who worked in economic management. In a word, this was the period when we had to learn the reform.

Now if we talk about a second phase, this is because, I believe, we possess the basic knowledge connected with the reform. We understand the reform better now. On the basis of our experiences, we have carried out certain adjustments where the mechanism was not effective. All this makes it possible for us to talk about a second phase at this time, and about a radicalization as well, in the sense that we must employ the principles of the reform more consistently. Of course, this is difficult sometimes. What is more, it also brings unpopular steps in its wake. That is why we will consult society about these things. We want to gain people's support for the necessary economic decisions. We believe that this is the basic way for the greater effectiveness of management, the accelerating of economic development.

[Reporter] Comrade First Secretary, you said at your most recent news conference that -- I quote -- this congress summed up and closed the phase of normalization and consolidation. Does this assessment mean that the economic crisis has also come to an end in Poland?

[Jaruzelski] Very much fits into the concept of crisis. We know that economic crises, political crises, and moral crises exist. I believe it is not possible to speak about crises in Poland anymore. A crisis in its own -- or let me say classical -- form, already is behind us. Indeed, I might say that primarily in the second half of the 1970's, the crisis had already become deeply rooted. Nevertheless, it appeared that everything was in order on the surface.

That can now be turned around as the recovery of our social, political, and economic life is currently in progress, and this started from quite deep bases. However, on the surface, we feel the consequences of the crisis, in the material-economic sphere and in consciousness alike. Therefore, our task now is to overcome these consequences as soon as possible. This was also one of the main objectives of the 10th Congress.

I believe the congress resolutions will contribute to speedier development, to the strengthening of socialism in our country; they will confirm the statement that the crisis is already a historical, or theoretical, concept only.

[Reporter] Yes. Naturally that is an enormous burden that we must reckon with. But I wonder whether the condition should be called a crisis when we start to partially repay these debts, or whether the condition was more critical when we received the credits and seemingly lived more easily? That is why I return to what is the essence of the crisis? What is in the depths, and what is the external expression of the crisis? Burdens, difficulties do not always mean a crisis situation.

It is like the case of a sick person. The illness can be silenced, but it nevertheless remains. The illness must be cured. We are convalescing at this moment, we are curing our illness and we speak about it, also.

[Reporter] Then what is the most important medical result of the 10th Congress?

[Jaruzelski] The result is quite favorable, that is, the patient is recovering. The therapy was effective. It must be continued. This process must turn from recovery into increasingly rapid development. Our structure [szervezetuenk] must grow stronger and the conditions exist for this. It is fundamental that this truth must be understood as well and as fully as possible by the masses of our society, by its increasingly wide-ranging quarters.

[Reporter] What are state-church relations like? Does this relationship mean rivalry, living together, coexistence? Or, is there a chance for historical compromise precisely here in Poland?

[Jaruzelski] It we interpret historical compromise to be tolerance, and cooperation in the interest of higher goals, in the interest of the nation's benefit, for the strengthening of the existing Polish state, naturally we can use that concept. If we interpret compromise to be a questioning of the fundamental principles of our social system or ideology in the sphere of philosophy, then, naturally, such a compromise cannot exist.

However, we believe that the conditions exist for the methodical normalization of state-church relations and there is a need for this settlement.

The church has been a reality in Poland for centuries, but it is conservative by virtue of its nature. The socialist social form in Poland is new, young, progressive. The essence is that both are lasting. If both sides become cognizant of this lastingness then in spite of all antagonistic, primarily ideological and world view rivalry, the realization must lead to finding a common platform, primarily in issues of a higher order.

Therefore, that is the coexistence, the cooperation, about which you asked. I believe that the Hungarian experiences serve as a good example, that the modus vivendi has been successfully found between the socialist state and the Catholic Church, and other religions, to the nation's benefit.

[Reporter] Although the situation is a bit different in our country...

[Jaruzelski, interrupting] Of course, the situation is a bit different, but nevertheless instructive.

[Reporter] If we speak about a partner-relationship, then, for example, what does pluralism now mean in Poland?

[Jaruzelski] If we speak about pluralism in the sense as interpreted by the antisocialist forces or those Western circles attempting to intervene in Polish affairs, then that type of pluralism is unacceptable. It means the free play of the political forces, the disintegration of the state, the creation of organizations operating in opposition to our system. However, if we speak about pluralism in a world outlook, ideological, philosophical sense, then it exists, and is manifested extensively, if in nothing else, in the conduct of the church, the believers. I believe that is natural and that we must endeavor so that the workers understand our Marxist-Leninist ideology as clearly as possible. It should be attractive to them and increasingly serve the construction of socialism, the strengthening of Poland.

On the other hand, we believe an administrative method is not right for conquering other ideologies. As a result, our ideology must be stronger, more attractive, more effective; let that be shown by life, let that be shown by practice. That is the essence of the affair.

[Reporter] How would you describe Polish-Vatican relations and what is your personal opinion, Comrade First Secretary, of the pope?

[Jaruzelski] As you know, the history of Polish-Vatican relations is 10 centuries' old. This history has had various pages; they have not always been the prettiest. One of our greatest poets and national prophets, Juliusz Slowacki, once wrote: Poland, your undoing is in Rome. There were other facts, also. We especially painfully lived to see the conduct of Pope Pius XII during the occupation, the war, and after the war as well. But history has also had pages that we assess with full respect. Belonging here was the activity of Pope John XXIII. I do not know whether you know that perhaps his only memorial, or one of the very few memorials of him, was raised precisely in Poland, in Wroclaw, in our country, in a socialist country.

The Polish pope naturally is a great event for the church. He is the first non-Italian pope after 450 years, since 1523. It is not my task to evaluate the pope as the head of the Catholic Church. This must be done by church representatives, certainly they do it, and history will render an opinion on the evaluation.

However, I can say that John Paul II is a passionate Polish patriot, who undoubtedly has the benefit of our nation at heart; we consider that to be an important factor that must contribute to developing and improving state-church relations. We count on the pope to do his utmost so that this should be so, so that the previously mentioned higher values -- the benefit of the nation, the benefit of existing Poland, the existing socialist Poland -- prove to be more important than what separates us. We respectfully and with appreciation view the pope's activities that emphasize the significance of peace and the importance of safeguarding it, his warnings of the dangers of modern civilization and his condemnation of the consumer model that has spread in the West, and exploitation and poverty.

He has spoken about these several times, and we are in full solidarity on these issues, although we do not agree with some of his views, for obvious reasons. We reckon that our identity of views existing precisely in the fundamental issues will contribute to the further development and full normalization of relations between Poland and the Vatican. This is what we endeavor for. I again emphasize that this will exert a positive influence on state-church relations here at home as well.

[Reporter] Will the pope's third visit to Poland take place next year?

[Jaruzelski] As yet there are no official negotiations about this, and I would not want to anticipate them.

[Reporter] You, Comrade First Secretary, have often spoken out against what you have called the arrogance of the powerful. What is the guarantee that renewed crises will not be triggered by this arrogance?

[Jaruzelski] Yes, I think this problem has two dimensions. Let's be philosophical for a moment. One dimension is related to man's natural, though not always beneficial, characteristics, to various negative inclinations. A man given power, for instance, sometimes likes to abuse this power. This is also related to the extent of the person's political education and his modesty. In this respect some individuals are irreproachable; others are not. We are not free of this even in socialism.

The other dimension concerns the system. Therefore, we communists, as people building socialism, view espcially negatively everything that undermines the ideological foundations of our system. The ideological foundation is the service of man, in the broadest sense of the term. I would like to make a small detour here. I am sure you all know how the revolutionary workers movement was born when the progressive intelligentsia of the age brought consciousness into the working class from the outside.

Today, 100 years later, the situation is entirely different. It is the working class that brings into national consciousness the features and requirements that arise from the essence of socialism. The maturity of the working class and the whole of the intelligentsia and peasantry in solidarity with the working class is expressed by precisely this protest against distortions such as the arrogance of power, bureaucracy, and the slowing down of the evolution of socialist democracy. In my view, this is the biggest and most important guarantee. The vanguard of the workers, mainly the working class, the party, senses today increasingly better and in an increasingly healthy way their leading role and, at the same time, their duties in serving the working class and the nation.

They are taking care to ensure that the phenomena that have been mentioned will not be able to return to an extent that could endanger the development of socialism. If in some individual cases such regression happens, some new bureaucrat or arrogant, conceited man appears, this is unavoidable. Our duty is to act against him.

I wish to stress again: For us the most important support is that the working class feels that it is its own master. As far as our press is concerned, a great deal of criticism is aired at the moment about this subject; we believe that this is a healthy phenomenon. The party press must condemn everything that is contrary to the fundamental principles of our system and the advocacy of the interests of the working class.

[Reporter] To what extent do developments in other socialist countries, such as Hungary, influence your development?

[Reporter] If I may supplement this question with another one: What is your view, Comrade First Secretary, of the speech by Mikhail Gorbachev, general secretary of the CPSU Central Committee, at the 10th PZPR Congress?

[Jaruzelski] Perhaps I should start with the second part of your question. Comrade Gorbachev said a lot of interesting things about Polish-Soviet relations as well as the international situation. I stress that this significantly and substantially enriched the congress. Emotionally speaking, he created a splendid atmosphere by his warm, cordial, and fraternal approach to things and by the way he expressed the esteem and sympathy of the USSR and Soviet Communists toward the friendship between our people and toward the Polish nation. This serves our friendship well.

At the same time, it has emerged -- both from Comrade Gorbachev's speeches and from my talks with him -- that the directions and solutions laid down by the 27th CPSU Congress and by the 10th PZPR Congress -- continuing from the ninth -- coincide. The way Comrade Gorbachev emphasized the ideological unity of our parties, the support of our endeavors aimed at strengthening socialism in the concrete Polish circumstances arising from our history, was extremely valuable. Therefore, to us the ideas which reached the world from Warsaw concerning the causes of peace, detente, and international dialogue are also very important. To sum up my reply to the question: All this has been important in the broadening and strengthening of our cooperation and in the utilization of rich experience. I believe, at the same time, that some of our own experiences can also be useful to other socialist countries.

I emphasize this particularly in discussing our relations with the fraternal Hungarian People's Republic. You also have had bitter, painful experiences. You were able to draw wise and rational lessons from them. The fundamental conclusion -- and this is always stressed by Comrade Kadar, whose wisdom and experience I value greatly, and from whom I have learned a lot -- is that the most valuable thing is never to lose contact with the masses and the confidence of the masses. This was precisely the experience that we have endeavored to use most when studying your history. In reforming our own economy the reform that you embarked upon earlier was also a source of valuable inspiration. I believe our solutions, our activities that we are pursuing in shaping the foundation, especially the superstructure, and in the democratization, can be of some use in Hungarian conditions as well.

[Reporter] In the socialist countries there are processes, problems, and solutions whose consequences are common both in the economic sphere and in the institutional system of social development. This is what I was referring to.

[Jaruzelski] In my view there are certain fundamental, general principles that are permanent and inviolable for all socialist countries. There are certain experiences, which you have mentioned, that are universal and should be used, because, on the one hand, they warn against incorrect tendencies leading to false roads, and on the other hand, they are experiences that make possible the application of solutions that take us forward, and the adoption of methods that help socialist development.

Comrade Gorbachev also spoke, among other things, about this in the address you have asked me about. He said that the bitter Polish experiences had great significance in drawing broader, more general, conclusions. Conclusions must be drawn from the positive experiences as well; after all, every country has these as well. We are in a stage of socialism in which the reform of various areas of our lives is unavoidable. There was a time when the word reform was suspect in our country, because it was equated with the concept of reformism. Yet they have nothing to do with each other. The word reform is a dialectical concept. Socialism, developed socialism, becomes richer; socialism regulates itself. It is a system that carries within itself progress and revolution. Therefore, at a given movement, everything that hindered the development of socialism and, in some way, artificially restricted the necessary economic and social reforms that were dictated by life had to be surmounted. Unfortunately, in your circumstances, and in ours, all this could be done only in the wake of a profound upheaval that left behind painful traces.

A grave illness brought forth the surmounting of the obstacles; in our case this is only happening now. In the circumstances that prevail in the USSR and in other countries this is a process directed from above, so to speak; acceleration and democratization take place in a framework of open public life and sharp criticism. All this is in the spirit of Leninism. This is why the doors had to be flung wide open. This is why it is historically to the credit of the CPSU and of Comrade Gorbachev personally -- I stress, to the credit of Comrade Gorbachev personally -- that the country, whose place in our community was designated not by some subjective factor but by history, is playing such a dynamic role in this process. All of us are moving in this direction, in the direction marked out by the 27th CPSU Congress; we also want to contribute to it as much as we can.

[Reporter] Recently I read in a Polish journal the opinion of a politician, or a former politician, let's say, who stated that our system had perhaps evoked excessive social expectations, that politicians had to be miracle workers to a certain extent.

[Jaruzelski] Unfortunately, it is not easy to be a miracle worker. Although some sort of miracle is always happening in Poland, these are of a different kind. It is impossible to miraculously improve living conditions radically without greater effort and better discipline. We tried to work such a miracle -- in a metaphorical sense, of course -- in the seventies; it was artificial because it was not based on intensive self-development but on certain external conditions that did not come true. This is also a question of social education, social consciousness. Certain errors in the education process can be seen, as in the paternalism that we pursued for many years and by which we got people used to the idea that the party, power, provides everything, knows everything best, and provides nothing but benefits to the people; all the people have to do is put up with all this. So, when it turned out that the power can also make mistakes, that the power is incapable of providing everything, that the power is not just a do-gooder but is also forced to take unpopular measures -- this conflicted with long-established concepts.

But I feel that in the past few years we have managed to make a lot of progress. Undoubtedly, a contributing factor here was the economic reform, the autonomy of enterprises and self-government. People are beginning to understand more and more clearly that they can only get what they have produced and no more. But this is a long, and I think difficult, road. There is no better way to a fruitful solution than by deepening socialist democracy. In other words, the citizen should really feel that he is a master, one of the masters, in his factory and in the entire country, who as master knows what he has to do and what is due to him for that work. This is socialist education, which we sometimes call economic education, but perhaps it is a broader concept than economic education.

[Reporter] Could you say a few words on Polish-Hungarian relations?

[Jaruzelski] This is such a nice and, to me personally, a pleasant topic that I am very glad to talk about it. You are familiar with the proverb: A Pole and Hungarian are two good friends. Perhaps the rest of the proverb -- the two fight shoulder to shoulder -- is no longer valid, but the last part of the proverb, about drinking together, is unfortunately still partly true. The main thing is that throughout the centuries we have had many and different kinds of contact -- state and dynastic, scientific, cultural, and, most importantly, our common struggle for the freedom of our nations and for their progress. This brings us very close. Then there is a common mentality, even temperament. Our friendship today is built on this splendid foundatin, along with its additional levels. It is being enriched with increasing wealth provided by socialism, the unity of our parties, and our common ideology.

So this friendship, this fraternalism is nurtured partly by beautiful and old historical experiences, and through the social system, the class character, and the idea that it reaches a higher plane. I think we are making increasingly good use of this, that our ties are in many areas exemplary and can serve as a model, as seen, for instance, in the exchange of experiences, mutual understanding, and cooperation between our parties. I think there are also great opportunities for the development of economic cooperation. We have wide-ranging joint plans and programs. Often these are very substantial. There is cooperation in modern areas, such as the manufacture of electronics, television tubes, buses, and many other high-quality products that we manufacture or intend to manufacture together. Our joint enterprise Haldex could be regarded as symbolic. It has been in existence for decades; in the future it could even become a model of similar cooperation with other socialist countries. We are just reaching this stage.

So many things bring us closer -- social contacts and tourism, mainly -- to your beautiful and warm country. Youth contacts could also be mentioned. In our view, these ought to be expanded. We must get to know each other better.

As I have already said, I highly regard personal contacts with Comrade Kadar, with other representatives of the Hungarian leadership, and the sincerity of the contacts and the confidence that exists. I would like to use this opportuonity to thank you for initiating this meeting, so that I could speak on Hungarian television and radio. I would also like to convey, through you, my cordial greetings and best wishes to the fraternal Hungarian people, to Hungarian communists, to the older generation, and to young people -- to all our friends. I wish you success in the building of new, beautiful socialist Hungary, and in the strengthening of our friendship and fraternalism. I wish you all the best.

MESSNER VIEWS CURRENT ECONOMIC SITUATION

PM221251 Wroclaw GAZETA ROBOTNICZA in Polish 27 Jun 86 pp 1, 8-9

[Interview with Prof Zbigniew Messner, member of the PZPR Central Committee Politburo and chairman of the Council of Ministers of the Polish People's Republic, by Jozef Bartoszewski, date, place not given]

[Text] [Bartoszewski] What are the Polish premier's major preoccupations and worries in mid-1986?

[Messner] A premier must, by definition, attend to anything that concerns the country's sociopolitical life. I share that duty with the other government members, who are responsible for individual areas in the country's life. This allows me to focus my attention on matters of highest importance. Now, halfway through the year 1986, I devote most of my attention to economic concerns, and I will continue to do so for a long time to come. The particular issue here is the provision of favorable conditions for and foundations of development. This, after all, determines the rate at which our society's needs are met and its living standards raised.

A similarly high proportion of my time is given to political activity. As a Politburo member I took an active part in the campaign preceding the 10th PZPR Congress. I rate the precongress debate on the draft party program and the theses very highly indeed, not only as a political activist but also as premier. The debate gives us a chance to objectify and expand the party's program targets and highlights our economic prospects and limitations. It also constitutes an arena for the political and economic education of the party and the whole nation.

[Bartoszewski] Economic concerns formed a sizable element of the precongress campaign, which is presently drawing to a close. Particular attention was given to the state of the economic reform.

[Messner] It is true that the precongress campaign generated many comments, suggestions, and recommendations concerning economic issues. We will make use of these in our future work. There were also critical and controversial comments on the reform. Some believe that the relevant Ninth Congress resolutions are being implemented too slowly while others, on the contrary, think that we have gone too far with granting autonomy to enterprises in, for instance, the question of prices. Let us take a cool and unemotional look at some facts. The scope of our work on the reform had no equivalent in our past practice. The whole economic administration has been restructured, the existing economic system and organizational structures have been altered, we have introduced a new system of division of competence in enterprises with considerable powers granted to workers self-management bodies, we have created a system of virtually new economic legislation. The process of socialization of planning is under way both nationally and regionally, and the extent of the population's general knowledge of economic matters has increased. As we go along, work forces in enterprises develop a sense of independence, as do their managerial bodies.

The reform is a process that is taking place not only in the economy but also to a large extent in the sphere of social consciousness. Processes of this kind never run a straight course. The plot of their progress is a zigzag line. This is the consequence of the struggle between opposites, between the new and the old.

In its initial blueprint, the reform was a construction of a theoretical nature. Practice provides the most objective test for any theory as it constantly creates new standards, some of which we do not necessarily desire.

That is why we have been listening attentively to all the views voiced by workforces, managerial personnel, and economic practitioners from the moment the reform got off the ground. We want to be able to recognize the need to introduce some changes as soon as it arises, and we want to introduce them so that the theoretical objectives of the reform could exist in symbiosis with the practice of the reform, not outside it.

[Bartoszewski] Could I ask you for some concrete example demonstrating that the government really works along those lines?

[Messner] Enterprises voiced their objections to certain solutions in the financial-economic system. Consequently, we subjected it to comprehensive analysis and evaluation. The results of the evaluation were passed on for consultation to enterprise managers and to the participants in last year's Poznan-based national conference on party and economic issues. As a result, the system was significantly modified. Practice will show whether the modification was final. In addition, all comments and proposals submitted during the precongress campaign are now being analyzed in detail and will be made use of in our future work, because we cannot claim that the process of implementing the reform has been completed.

[Bartoszewski] What, then, is scheduled for the immediate future?

[Messner] A wholesale launching of mechanisms promoting efficiency. This will not be an easy operation. We must be prepared for clashes to develop between the immediate interests of individual enterprises and even socioprofessional groups. The functioning of economic mechanisms needs to be finely adjusted also in the area of people's incomes and employees' pay differentials, which should reflect their workload contributions, and in that of enterprises' expansion potential, which should be proportionate to their efficiency. This is an inevitable direction to take, and the only chance of opening a wider scope for the expansion of the whole economy. The principle which states that only profitmaking enterprises are allowed to operate must become compulsory practice.

[Bartoszewski] How, in this light, do you view the guidelines of the National Socioeconomic Plan for 1986-90?

[Messner] At the moment we have its preliminary draft to look at. After it has been discussed and commented upon by Sejm commissions, political and social organizations, the trade unions and, above all, the 10th PZPR Congress, it will be revised, amended, and, after obtaining government approval, submitted to the Sejm. It is to be expected that the plan will be adopted in the fall of this year.

One of the most difficult problems of the plan lies in defining the proposals for the distribution of the national income between consumption and investment. Preliminary planning analyses of the development, modernization, and restructuring of various branches and sectors of industry as well as individual enterprises were made before the present draft plan was drawn up. Their conclusion was that Z17 billion would be needed in the next 5-year period to meet all the urgent capital investment needs of our economy. That would mean a doubling of outlays in comparison with the past 5-year period and, by the same token, a dramatic decrease in consumption. That we could not allow. On the other hand, we cannot persevere with the policy of maximum protection of consumption and reduction of capital investment outlays which we were following in the early 1980's. Then, we deliberately sacrificed our development targets to save the population's living standards. However, if we had maintained that situation, we would soon have been faced with a significant depreciation of national fixed assets, or even their decline in absolute terms.

Later, it would eventually have led to a decrease in consumption. It is therefore essential that we attain a carefully balanced increace in the share of capital investment in the national income, so that it does not result in stemming, or reducing, the growth of consumption.

[Bartoszewski] This means that not all investment needs can be met.

[Messner] With the planned 19-percent increase in the national income the maximum investment ceiling has been set at Z10 trillion, that is, 40 percent less than the sum suggested by the prepared programs. Such is the extent of the necessary adjustments in capital investment expenditure. In this situation it is essential that we strive for more discipline in advancing capital investment processes as well as better work organization and improved productivity. It will be equally essential to provide funds for the most important strategic objectives, to develop the fuel and energy base, the technical infrastructure (water reservoirs, land reclamation facilities, protection of the environment, heat and power generating plant) and social welfare infrastructure (health care, educational, and cultural facilities).

In deciding the structure of capital investment, the government was guided mainly by efficiency criteria. It is a matter of prime importance that a number of capital investment projects already under way, some of which are at a very considerably advanced stage of realization, finally reach completion.

The other direction involves the economy program, an updating of existing plant, and the restructuring of the economy. I list these three major issues together because they are very closely interrelated.

[Bartoszewski] The process of investment is thus designed to help modernize the national economy and, in the first place, to improve economic efficiency?

[Messner] Results of analyses indicate that the potential increase in the supply of materials and components will amount to no more than 1.7 percent per annum. Any increase in our national income that we manage above that figure will have to be the result of broadly-conceived economy measures and of the enhancement of our national economy with the existing resources. But we must be aware of certain objective conditioning factors. It is not possible to effect any significant improvement or any reduction in the materials-intensiveness of the national income by way of appealing for economies. It is necessary to create material foundations for the viability of an economy program by means of modernizing production, expanding the application of electronics, bringing in new materials and products of better consumer value and lower energy-intensiveness, improving product quality, utilizing secondary materials, and increasing the range of reclaimed products and components.

[Bartoszewski] Scientific and technical advance and organizational improvement will play an important role here.

[Messner] As an academic of many years' standing I know from my own experience that academic research carries a vast intellectual and investigative potential. Utilization of this potential can give us a chance to modernize our economy and increase its efficiency. However, certain definitive conditions must be met here. Academic establishments must be interested not only in theoretical research but also in applying the results of that research for practical purposes. On the other hand, there must be a constant demand for research results on the part of practitioners. They must renounce parochialism, slackness, and nonchalance in their actions and attitudes.

[Bartoszewski] Could you give us some concrete proof that such attitudes and actions do indeed occur?

[Messner] We have provided legislation to enable enterprises to transfer financial resources among themselves, to grant loans to one another, and to launch joint investment projects.

As of January 1986 state enterprises may issue bonds to enable them to obtain, form other enterprises, resources for the financing of development programs and an updating and expansion of their plant. However, there have been very few cases of such joint investment projects or indeed of enterprises issuing bonds. On the other hand, there has been continuing pressure on the government to increase budget subsidies and relax the principles and conditions of obtaining credit by reducing interest on loans and extending terms of repayment. We can find plenty more examples of this kind. What do they indicate? Precisely the existence of attitudes and actions that hinder all attempts to shorten our road to economic equilibrium.

[Bartoszewski] How can we oppose them?

[Messner] We will systematically proceed with making our budget and credit systems "watertight," thereby forcing enterprise managers to act more independently and efficiently. For it is not the government alone that is responsible for balancing the economy.

[Bartoszewski] Investment, about which we have been talking all along here, is also indispensable for a correct implementation of our social policy, while housing construction is a present the most important element of this policy.

[Messner] In the next 5-year period housing construction, social and technical infrastructure, expansion of the construction materials and components manufacturing industry, modernization and updating of our construction potential, and conservation and maintenance of the existing resources -- these last two, incidentally, featuring in the socioeconomic plant for the very first time -- will take up more than 32 percent of the total investment outlays in the national economy. Any attempt to raise this index would result in aggravation of the economic imbalance. We must keep in view the interrelation between financial outlays and acutal capacities resulting from our construction potential, the provision of site furnishing, and the supply of construction materials and products.

[Bartoszewski] What material effects will follow from the utilization of these 32 percent of outlays?

[Messner] In the years 1986-90 between 1.05 and 1.15 million new homes will be built and 900,000 old homes renovated and modernized, and conditions will be created for the construction of 1.5 million new homes over the following 5-year period. Are we talking only about material and technological facilities? Not only. In 1986 we intend to complete the task of sorting out all legislation affecting the expansion of the construction industry. The idea is on the one hand to preserve fertile agricultural land for agricultural use and, on the other, to prevent situations whereby funds and materials are available but one cannot build because of site shortages. Another important issue is the preparation of new administrative, legislative, and taxation solutions to facilitate home exchange and perfect the rules of the housing allocation system. We estimate that in this way it would be possible to improve the situation of several hundred thousand families.

[Bartoszewski] Comrade Premier, to wind this up perhaps you could tell us a few things about yourself?

[Messner] I am married and have two daughters. Both graduated from the Silesian University in Katowice. One has a job at the television center there, and the other works in the mining sector. I have a grandson and two granddaughters. I like domestic, family life, but at the moment that has practically ceased. It was only 5 years ago that I was rector of the Katouice Academy of Economics. Today I direct the work of the government of a nation nearly 40 million strong. The extent of responsibility cannot even be compared. That is why Sundays and holidays are usually ordinary working days for me. I enjoy sport's especially scoccer, perhaps because I once used to play it myself. I was chairman of the Piast Sports Club in Gliwice for many years. I am also trying to watch the World Cup games. At the momenc that provides one of the few attractions in my life outside my professional preoccupations.

[Bartoszewski] Thank you

LEADERS ATTEND NATIONAL DAY FESTIVITIES

LD221910 Warsaw PAP in English 1710 GMT 22 Jul 86

[Text] Warsaw, July 22: Polish national holiday, the 42nd anniversary of the declaration of the PKWN (Polish Committee for National Liberation) Manifesto, was celebrated across the nation today.

In Warsaw, PUWP CC First Secretary and President of the Council of State Wojciech Jaruzelski took part in a gala change of guards at the unknown soldier's symbolic tomb. A cannon salute was fired, and flowers and wreaths were laid at the monument to those who "perished in the service and defence of People's Poland", as well as at the Soviet Army soldiers' mausoleum.

The ceremony at the unknown soldier's tomb was also attended by Roman Malinowski, Zbigniew Messner, Tadeusz W. Mlynczak, Jan Dobraczynski, members of the PUWP CC Political Bureau and secretariat, leaders of other political parties, members of the Council of States and government, PRON (Patriotic Movement for National Rebirth) National Council and the OPZZ (National AGreement of Trade Unions).

Chiefs of diplomatic missions in Warsaw also laid wreaths.

Wojciech Jaruzelski signed the visitor's book placing his sigaature below the text that read: "On the 42nd anniversary of the declaration of the PKWN Manifesto, in homage to all whose steadfast struggle, devoted service and work have materialized the idea of an independent and just Poland."

Other top leaders and chiefs of diplomatic missions also signed the book.

The ceremony was closed by a military parade.

Meet With Diplomatic Corps

LD222311 Warsaw PAP in English 2050 GMT 22 Jul 86

[Text] Warsaw, July 22 -- President of the Council of State Wojciech Jaruzelski met at the Palace of the Council of Minister here today with heads of diplomatic missions accredited in Poland to mark the 42nd anniversary of the July Manifesto.

Present were Sejm (parliament) Speaker Roman Malinowski; Prime Minister Zbigniew Messner; Chairman of the Democratic Party CC Tadeusz W. Mlynczak; head of the PRON National Council Jan Dobraczynski; members of the PUWP CC Political Bureau and Secretariat, authorities of political parties, the Sejm Presidium, the Council of State and Government, and the PRON National Council. Scientists and artists, representatives of social organizations and generals also took part in the gala meeting.

Wojciech Jaruzelski, Zbigniew Messner, Kazimierz Barcikowski and Marian Orzechowski received congratulations and wishes marking the national day of socialist Poland from heads of diplomatic missions. The congratulations and wishes were conveyed by dean of the diplomatic corps Ambassador of the German Democratic Republic to Poland Horst Neubauer and other ambassadors.

The talks held during the meeting focused on issues of People's Poland, her place in the world and role in the international arena, reflections stemming from the 42nd anniversary of the July Manifesto, and the programme for Poland's development mapped out by the 10th PUWP Congress.

JUSTICE OFFICIAL DISCUSSES CLEMENCY LAW

LD221959 Warsaw PAP in English 1700 GMT 22 Jul 86

["Act of Mercy Offers New Opportunities" -- PAP headline]

[Text] Warsaw, July 22: May signals suggest that the first persons to be freed under the clemency law on "special procedures" towards some offenders will leave penitentiaries already tomorrow. Wednesday, July 23rd, on the day when the law enters into force. The decisions will be taken by prosecutors and courts. Deputy Justice Minister Tadeusz Skora has told PAP.

He also said that the law may cover about 20,000 people already convicted and serving their terms. Nearly 15,000 of them will be released as soon as the law is applied to them. Others will have to serve their previously mitigated terms or terms given to them instead of unpaid fines. We do not know how many will decide to pay their fines. Skora said.

The courts and prosecutors are prepared to order releases even before the law-prescribed deadline of September 15th. But the law stipulates that courts must make sure the freed will not perpetrate new offences and will observe the legal order. This is left for the courts to decide.

As for the requirement that the freed are to "join the active participants in the life of the country," they are actuall expected to show a certain minimum of citizens attitude, respect the legal order of the socialist state, take up some socially useful jobs or studies, Tadeusz Skora explained. Chances furnished by the clemency law do in fact clear ways towards a full and active participation in public life, he added.

Ask whether all those charged with anti-state offences or offences against public order who are eligible to be pardoned would have to declare that they "will never relapse into crime again," Skora said that the legislators do not make such a declaration a compulsory precondition of benefitting from law but attempts to evade it must put a question mark over the goodwill of a person offered the chance to go out. In case of denial the court, I believe, would have no grounds to reasonably suppose that the to-be-freed perpetrator is going to start respecting the legal order, Skora explained.

After the law is implemented, he said, penitentiaries will have better conditions for education and resocialization work. The number of prisoners, being about 114,000 at the moment, has happened to be greater at times and still the penitentiaries have managed, as a matter of fact, to tackle their tasks.

The remission of a penalty sets free but does not mean the offence is automatically forgotten and the files erased. Similarly, the courts will see whether the paroled are doing the duties they are assigned to. Every release from prison will be individually assessed to guarantee that the amnestied do not breach the legal order but use the opportunity to return to normal life, deputy justice minister said.

POLITIKA HAILS ANTI-INEFFICENCY MEASURES

AU221203 Warsaw POLITIKA in Polish 12 Jul 86 p 5

[Herzy Kleer article: "Severe Rigors"]

[Excerpts] "Effectiveness is effectiveness," Premier Zbigniew Messner said in his congress report and added: "Historical experience shows that it is also necessary to enforce effectiveness."

As his congress report and other congress documents indicate, efforts will be made to go over not so much to new rules of the economic game as to the observance of those rules that were earlier established, at least in theory, for economic practice.

I have introduced the aforementioned quotation on purpose. The observance of severe rigors in the performance of enterprises and other economic units is not only a result of the principles of the economic reform, it also constitutes an absolute economic necessity, because the preservation of the current state of affairs which allows for the existeance of weak and downright inefficent enterprises would banish us to the periphery of the European economy, a contingency we cannot afford for the sake of the good interests of the present and future generations. We must not continue to give in to the pressure of various professional and social groups in order to protect all of us -- those who deserve to be protected because they represent the economically weakest sections of our society and those who refuse to work efficiently. The government report contained this self-critical statement about the past: "For various reasons we have not been consistent in enforcing our decisions."

We must realize that the acceptance of economic compulsion as one of the most important principles of economic management involves many consequences, ones which not everyone likes. This compulsion may result in rather large differences in the economic situations of enterprises and households. But this has to be. We cannot afford any other economic policy. [passage omitted]

As a social and economic system, socialism postulates equal opportunities and equality of rights for everyone, but in its theoretical concepts it has never proposed that everyone is entitled to equal shares, regardless of his contribution in work. Recalling these obvious truths is a crucial necessity inasmuch as social and economic practice has often bypassed them, and we have many proofs of this, beginning with ordinary voluntarism through succumbing to various vociferous and "active" professional and occupational groups.

In the past few years when the correct policy has been in force that the economically weakest groups should be protected, many enterprises and people that did not want or did not know how to work better, claimed the benefits of this policy. [paragraph continues]

Changing this policy will not be easy because old habits have taken firm root and because much demagogy and easy-going continues to dominate the principles of sharing. But there is no other way out if we are to become a modern socialist society, if we want to be equal to the tasks facing us, and if we aspire to being a just society. [passage omitted]

We are able to share only that which we produce, but we still produce too little of poor quality for too much money. We waste too much of the limited resources we have. It was stressed many times at the congress that our true working week amounts to less than 30 hours, that our production potential is not being fully exploited, and that our production requires too many materials, too much energy, and too much transportation. We know the trouble, and what remains to be done is to eliminate it. A program of how to do this was submitted to the congress. The program deals with structural changes in production, mainly industrial production, with the accelerated application of scientific-technological progress, with charges in economic and administrative structures, and with our links with the outside world, mainly with CEMA.

It is impossible here to discuss this program, even in its general outlines, except for passing a few remarks.

-- Issue number one concerns structural changes, which will give priority to some branches of production at the expense of other branches. Generally speaking, everyone accepts and supports these changes, but we must realize that no doubt this issue will take a different turn in practice because certain branches and enterprises will receive more resources than other branches and enterprises and because some will de deprived of additional resources. [passage omitted]

-- Issue number two concerns innovation, an enterprising spirit, and technological progress. The experience of the past few years has shown that the situation has been bad in this regard and that we have not been able to exploit our own scientific research potential sufficiently for reasons rooted in enterprises and in the scientific research base. This must be changed. [passage omitted]

-- Issue number three concerned the pro-export orientation of our economy. Although everything has been said about this issue, there is still not enough determination to compel enterprises to produce for export. We have several thousand enterprises and cooperatives for export. We have several thousand enterprises and cooperatives which have almost not links with foreign trade. As long as a large number of these enterprises and cooperatives do not actively share in our foreign trade, all our intentions to participate extensively in the international division of labor will remain wishful thinking. As is the case with other areas, our awareness of the importance of economic and technological links with foreign countries is limited. Actually, it has to be limited because it is a fact that we have restricted instead of enlarging our links with foreign countries.

We have a problem for far-reaching economic and technological changes, and what we need to do is to implement it as consistently as possible.

JARUZELSKI CONGRATULATES NICARAGUA'S ORTEGA

PA200416 Managua Domestic Service in Spanish 1414 GMT 19 Jul 86

[Text] Wojciech Jaruzelski, chairman of the Council of Ministers of Poland, has extended his greetings to the Nicaraguan president and to all the Nicaraguan people. Jaruzelski, who is also first secretary of the PZPR, said the following: We express our unyielding conviction that your people will achieve a prosperous future for Nicaragua in an atmosphere of peace and security.

FOREIGN POLICY COMMITTEE DISCUSSES UN SESSION, SUMMIT

LD222042 Belgrade TANJUG Domestic Service in Serbo-Croatian 1251 GMT 22 Jul 86

[Text] Belgrade, 22 Jul (TANJUG) -- The Foreign Policy Committee of the SFRY Assembly Federal Chamber today examined the draft platform for the SFRY delegation's activity at the 41st Session of the UN General Assembly.

At the committee session chaired by its president, Dr Mijat Sukovic, it was concluded tht the draft platform under review could form the basis for drawing up the final text of the platform, but that further work on it is required in order to make the document "offer greater guidance for and be more binding upon the activity of the Yugoslav delegation" at the forthcoming session of the General Assembly.

With this in view, it was agreed that is September the committee should give specific form to the standpoints contained in the draft platform and should incorporate in them the standpoints and guidelines for action which the eighth nonaligned summit will adopt in Harare.

Given the date of the summit meeting and the start of the UN General assembly session [16 September], it is proposed that a new session of the committee to deal with the platform for the activity of the Yugoslav delegation at the 41st Session of the General Assembly be convened 8-15 September.

The introductory exposition on the draft platform was delivered at today's session by Nikola Cicanovic, director of the Federal Secretariat for Foreign Affairs International Organizations Office. He stressed that the issues to be discussed by the UN General Assembly in the fall, within the agenda of more than 140 items, are identical with those which will dominate at the forthcoming nonaligned summit in Harare. These are first and foremost problems of international security, disarmament and peace, critical flashpoints in the world and in particular in southern Africa, international economic problems, the financial crisis of the world organizaion and social and humanitarian issues.

He pointed in particular to the fact that the financial crisis of the world organization conceals an attempt to discredit the United Nations as a framework in which all countries should take an equal part in resolving the world's problems. The size of the financial contribution of individual countries in the world organization should not give these countries any greater rights in the United Nations, he said.

At today's session the committee also adopted the report of the delegation of the Federal Chamber Foreign Policy Committee and the Chamber of the Republics and Provinces Committee for Economic Relations with Foreign Countries on the talks with Erich Wolfram, chairman of the FRG Bundestag group for German-Yugoslav cooperation, who paid a visit to Yugoslavia 30 June-5 July.

Ante Budimir was elected deputy president of the Foreign Policy Committee during disussion of a special point on the agenda.

DIZDAREVIC HOLDS FURTHER TALKS ON EEC COOPERATION

LD222028 Belgrade TANJUG Domestic Service in Serbo-Croatian 1525 GMT 22 Jul 86

[Text] Brussels, 22 Jul (TANJUG) -- Access to the EEC market for Yugoslav goods should be made easier in order that reciprocal trade can be increased and the deficit on the Yugoslav side can be reduced. This was the assessment in Brussels today at the close of the ministerial session of the Council for Yugoslav-EEC Cooperation, at which the political and economic importance of constant development of the ties between the "Twelve" and Yugoslavia, a factor for stability in Europe and the Mediterranean, was stressed, bearing in mind the fact that Yugoslavia is nonaligned, European, Mediterranean and a member country of the Group of 77 developing countries.

The session was presided over by Yugoslav Federal Secretary for Foreign Affairs Raif Dizdarevic, while the EEC delegation was led by Geoffrey Howe, the current president of the EEC Council of Ministers and the British foreign secretary. The council assessed as satisfactory the trend in trade up to 1984, primarily because the Yugoslav trade deficit was being gradually reduced until then. However, concern was expressed because in the past year the Yugoslav deficit has again increased. It was stressed that for the increase and equilibrium of trade the pending renewal of negotiations on a trade program for the period 1986-90 and the signing of the second protocol within the framework of the agreement on Yugoslav-EEC trade are of great importance. The Community representatives let it be known that with a more "elastic" policy they could make the access of Yugoslav goods to the market of the "Twelve" easier.

The head of the EEC delegation, Howe, stressed that the Community is following with interest the results of the program of economic stabilization being pursued by the Yugoslav Government. He said that the "Twelve" will do "everything they can" to support these Yugoslav efforts.

Both sides stressed the importance of this session following the, as Dizdarevic stressed, unfounded and discriminatory ban on imports of Yugoslav agricultural products after the nuclear catastrophe at Chernobyl. The council expressed the belief that the traditional relations of trust between Yugoslavia and the EEC, damaged by this move, will be reestablished in his introductory speech, Dizdarevic stressed that this year and next will be of exceptional importance for the implementation of the long-term program of economic stabilization in Yugoslavia. This requires, he said, that Yugoslavia balances its trade with foreign partners and develops higher forms of cooperation. Yugoslavia expects that the EEC will improve the provisions in the mandate for talks on a new trade program of cooperation with Yugoslavia. The Yugoslav side also considers that the EEC should improve the volume and structure of funds in the talks on the second financial protocol, whereby Yugoslavia would enjoy the same treatment as other developing Mediterranean countries. Dr Oskar Kovac, Federal Executive Council member responsible for cooperation with the EEC, EFTA and OECD, noted as a member of our delegation that it is necessary to remove the barriers to imports of Yugoslav products to the EEC. Future financial cooperation should be directed, he added, toward joint projects for building motorways and the modernized of the rail network in Yugoslavia, in which the EEC is very interested, and also tourism and export-oriented technological and production program. The Yugoslav side also noted the prospects and mutual benefit which could be had from much larger joint investment in the Yugoslav economy.

AFP Report

AU221345 Paris AFP in English 1304 GMT 22 Jul 86

[Text] Brussels, July 22 (AFP) -- Foreign Ministers of the European Economic Community told a Yugoslav delegation here Tuesday that the EEC could no longer import large quantities of Yugoslav farm products and advised the country to work on diversifying its exports, community sources said.

The ministers were responding to demands by the delegation, led by Yugoslav Federal Secretary for Foreign Affairs Raif Dizdarevic, for aid in reversing the country's high trade deficit. The deficit grew 42 percent in 1985 to reach one billion ECUs [about the same amount of dollars], the sources said.

The EEC ministers noted that the gap was less than half of the deficit posted at the end of the 1970's, and said the community's already large surplus of agricultural products prevented it from stepping up farm purchases from Yugoslavia, the sources added.

Mr. Dizdarevic expressed his concern over the temporary ban on Yugoslav farm and food imports imposed in May after the Chernobyl nuclear accident, but the EEC ministers denied that the safety measures, now lifted, were protectionist, a joint communique said.

The two sides also disagreed on the amount of financial aid the EEC should give to Belgrade over the next five years, the sources said.

The 12 have proposed total aid of 380 million ECUs, in loans from the European Investment Bank. Belgrade has asked for additional money in grants.

NEW FOREIGN TRADE REGULATIONS REPORTED

LD221357 Belgrade TANJUG in English 0549 GMT 22 Jul 86

[Text] Belgrade, July 22 (TANJUG) -- The Yugoslav Government has taken a new decision on conditions regulating foreign trade transactions in order to achieve a higher level of organization and efficiency in foreign trade.

Under the decision, organizations will be able to register for foreign trade if 30 percent of their turnover is through exports valued at least 10 million dollars. Trade in certain goods will be possible only if an enterprise achieves minimal exports and imports as established for each group of products.

Producers will be able to engage in foreign trade transactions if they export at least 10 percent of their output and if they carry out 20 percent of their transactions with foreign partners themselves.

Lesser changes are envisaged for conditions regulating foreign trade services. Foreign firm representation requires the export of Yugoslav goods with 30 percent provision in business with the foreign partner.

Estimates are that around one thousand Yugoslav enterprise, out of the 1,300 currently engaged in foreign trade, fulfill the requirements.

Early this year, the Yugoslav Government took a decision prescribing sharper conditions, which only 400 enterprises could fulfill. The decision prompted sharp reactions from the economy sector and a written request of the Yugoslav Chamber of Economy, which subsequently to the new decision of the government.

TARIFFS TO BE REDUCED TO PROMOTE DEVELOPMENT

LD222254 Belgrade TANJUG Domestic Service in Serbo-Croatian 1441 GMT 22 Jul 86

[Summary] Belgrade, 22 Jul (TANJUG) -- The SFRY Assembly Chamber of the Republics and Provinces Committee for Economic Relations with Foreign Countries has completed coordination of the amendments and adgenda to the law on customs tariffs. In the medium-term the customs duty is to be halved on imported equipment and spare parts not produced in Yugoslavia for construction of projects to promote the more rapid development of the under-developed republics, Kosovo and under-developed municipalities in Serbia. Equipment and spare parts not manufactured in Yugoslavia are to be imported without customs duty when they are for construction of key projects in Kosovo in the sphere of power engineering, agriculture and nonferrous metals.

LJUBICIC SPEAKS IN LCY CONGRESS COMMISSION ON ARMY

AU221624 Belgrade NARODNA ARMIJA (supplement) in Serbo-Croatian No. 2451 3 Jul 86 pp 14-15

[Report on speech by Nikola Ljubicic in the 13th LCY Congress Commission for All-people's defense and Social Self-Protection in Belgrade on 26 June]

[Text] In the first part of his speech, Nikola Ljubicic pointed out the fact that our concept of all-people's defense and social self-protection has its support in our own forces and that its origin lies in the experiences of the national liberation struggle and the revolution. Emphasizing that man is the basic force in the socialized system of all-people's defense and social self-protection, he pointed out that the efficiency of the defense system may be perceived only in a direct linkage with the functioning of the overall system of socialist self-management and stressed that the mutual linkage and dependence between self-management and all-people's defense are more than the usual relationship between the whole and its parts.

The defense strength of society depends on the state of the basic segments of society, and on the processes that influence the production forces and on the relationships in social reproduction. This means in practice that to the extent that the workers class, the working people, and citizens exert a decisive influence on the reproduction process and to decisionmaking on essential questions, questions of the country's development, their consciousness and their readiness to struggle for the defense of such a system, such a policy, and development prospects is strengthening.

Indicating the necessity of changes in the political system, Nikola Ljubicic said that one does not undertake changes for the sake of change, but for the sake of development and progress, and on this occasion mentioned two significant aspects of these changes. On the one hand, he pointed out, it is necessary is our system to ensure a central place to man as self-manager and producer, and on the other hand, one should instigate with the changes a self-managing integration of society.

The consciousness is ripe among the masses, he said, that the price society pays because of barriers is very high, and that such processes hamper both economic development and self-management equally, that they hamper the preparations for the country's defense, and at the same time even in peacetime, in the case of a need to defend ourselves, a distinguished society leads to a squandering of social energy and resources, which reduces accumulation, and hits the standard if living and the defense abilities of the country as a whole.

Further in his speech Nikola Ljubicic pointed out that the unity of the workers class and the people cannot be a synonym for unitarianism and centralism, but that it is a condition for the development of socialist self-management.

Hostile forces, he stressed, are waging a struggle for the consciousness of the young generations, and use in this respect all our shortcomings in the education and training of your young people. We do not offer to the young people enough knowledge about the fact that we must struggle for freedom, socialism, and independence, that all these things have been achieved with superhuman efforts and heroism, tremendous sacrifices and renunciations, particularly by the youngest generations.

Further in his speech, pointing out that the future of the country depends on the young people, Nikola Ljubicic said:

The young people are the basis of the defense of the country. What does it then mean if young people to such an extent abandon themselves to the influence of various forces, beginning with the nationalist and irredentist and ranging up to the clercial, bourgeois, and petit-bourgeois? If one adds to all this the incessant stories only about problems, failures, crises, and only about things that are no good, if one adds the immoderate praise for alien values, alien ideologies, and social systems, which is often inspired from the side, it becomes clear how all this is reflected in the consciousness of young people, how they are formed, and how all this may influence their defense readiness. All the citizens should and must participate in the defense of the country. To the extent they are satisifed with their life and with the prospects of this social system, one may expect that the striving and the readiness of all of them for defense will be greater.

DEMANDS MADE BY SHIPYARD WORKERS IN RIJEKA

LD221455 Belgrade TANJUG Domestic Service in Serbo-Croatian 1222 GMT 22 Jul 86

[Text] Rijeka, 22 Jul (TANJUG) -- About 200 workers in the 3 May shipyard in Rijeka stopped work this morning as asign of dissatisfaction at the nonfulfillment of their demands for an increase in personal incomes.

The work stoppage was preceded by a protest letter sent by about 250 workers of two basic organizations of associated labor of the Rijeka shipbuilding yard to the management leadership and the sociopolitical organizations of the composite organization of associated labor that included the demand that personal incomes for June be increased by about 50 percent.

An additional hot meal for workers on overtime, examination of the responsibility of the management leadership for inefficient work, and several other requests were made in connection with the valuing of work andits distribution. Workers sought information about trends in personal incomes in other Rijeka work organizations and self-managing groups.

As a result of this letter, several meetings have been held during the last few days in the 3 May composite Organization of Associated Labor, among management and self-managing organs, and the trade unions. Among other things, it was proposed that personal incomes be increased by 25 percent, which would be in keeping with the planning documents of the composite Organization of Associated Labor.

Average personal incomes of workers in 3 May for the first 6 months of this year were 85,000 dinars, not counting overtime, while personal incomes with overtime were 98,000 dinars.

According to reports, the demands that the workers have put forward in this way, by means of a work stoppage, would, however, have been realized as early as at the beginning of August through regular self-management channels.

Concession Made

LD222245 Belgrade TANJUG Domestic Service in Serbo-Croatian 1457 GMT 22 Jul 86

[Text] Rijeka, 22 Jul (TANJUG) -- The delegates of the workers council of the 3 May shipyard composite Organization of Associated Labor in Rijeka decided, at an extraordinary session convened today in connection with the work stoppage by several hundred workers and their demands for an increase in personal incomes, to pay all employees one average personal income of the composite organization of associated labor for June.

The payment is being justified by increased living costs in June and July.

It was also decided that the value of work points for July should be increased by 25 percent and that after 4 and more hours of overtime workers are to be provided with a hot meal. The workers remaining demand, cited in the protest letter, which about 250 workers sent to the management and sociopolitical organizations of the composite Organization of Associated Labor after they had received payment of personal incomes for June, will be decided in the shortest possible time, by the usual self-managing procedure. The demands chiefly relate to changes in the method of distributing personal incomes.

Work Stoppage Avoided

LD222246 Belgrade TANJUG Domestic Service in Serbo-Croatian 1641 GMT 22 Jul 86

[Summary] Rijeka, 22 Jul (TANJUG) -- Workers at the 3 May shipyard in Rijeka who stopped work this morning called off their work stoppage after being informed of the decisions of the workers council, which partially complied with their demands. Work on the second shift at the yard is proceeding normally.

FEC REACHES DECISION ON BREAD PRICING

LD221254 Belgrade TANJUG Domestic Service in Serbo-Croatian 0959 GMT 22 Jul 86

[Text] Belgrade, 22 Jul (TANJUG) -- According to a statement by the Federal Secretariat for Information, the FEC has adopted a decision on the method for forming the price of wheat flour type 850 and the price of basic kinds of wheat bread produced from this flour.

According to this decision the prices of wheat flour type 850 and basic kinds of bread produced from this flour are to be fixed in accordance with the social control of prices. The production price of bread from flour type 850, according to the FEC decision, may not exceed 110 dinars a kilogram or 90 dinars for the 800 gram loaf. In this way the the price of this kind of bread will be significantly lower than it was before the decision to put the price back to its former level which the FEC adopted on 10 July, when it was as high as 160 dinars for a kilogram of this kind of bread. In keeping with this decision, the price of bread is formed by applying the usual norm regarding the amount of flour used in the production of bread, to which are added the dependent costs of procurement, the costs of transporting the bread which existed on the day on which this decision took effect, and the costs of baking the bread, which increased by 10 percent. To cover transportation costs, trade organizations can charge the absolute amount in line with the rgulations until the day the decision comes into effect.

In keeping with the adopted policy of removing the disparity between prices of agricultural-processed food products and the price of industrial products, the FEC decision stipulates that the prices of other types of wheat flour and bread are to be formed independently according to market conditions. An agreement has been reached with the socialist republics and the socialist autonomous provinces whereby their competent organs survey the level of bread prices which are formed independently by organizations of associated labor, and undertake essential measures of social control in order to ensure the formation of these prices within the framework of real production costs.

It was suggested to the FEC that compensation be introduced, but the socialist republics and the socialist autonomous provinces decide in favor of applying measures of social policy with the aim of protecting the living standards of the population with the lowest incomes.

The FEC decision takes effect from 23 July this year. With the coming into force of this decision, the recently adopted decision reverting the price of wheat flour and all types of wheat bread to a fixed level, and fixing a price ceiling for these products, which came about as a result of the abnormally high formation of bread and flour prices, ceases to be valid.

The FEC also stipulates that at least 30 percent of the total amount of bread in the shops should be made from flour type 850, thereby ensuring the necessary amounts of this bread in the shops. Production and trade organizations, as well as private bread producers are bound by this. If it is more in keeping with the needs of the population, the socialist republics and the socialist autonomous provinces may, within the framework of the decreed 30 percent okf the total amount of bread in the shops, set individual obligations to producers and trade organizations in their areas on the production and trade of this kind of bread.

Prices Cannot Be Exceeded

LD221745 Belgrade TANJUG Domestic Service in Serbo-Croatian 1427 GMT 22 Jul 86

[Text] Belgrade, 22 Jul (TANJUG) -- The confusion over the prices of bread and flour has been finally ended. The Federal Executive Council [FEC] has plainly laid down that the cost price of coarse white bread [polubeli] from flour type 850 should not exceed 110 dinars per kilogram, or dinars for an 800-gram loaf. Margins of 1-3 dinars, depending on the republics and provinces, may be added to this. Prices will, as before, be determined by manufacturesrs on the basis of the precisely established parameters, but manufacturers do not have the right to exceed this limit.

Manufacturers remain responsible for the prices of white flour (of flour type 500), too. The FEC has not provided for directly setting the ceiling for these, but we have been informed that it has been agreed in the Federal Secretariat for Markets and General Economic Affairs that this bread should not exceed 180 or 200 dinars in price, depending on quality. These prices will also be "under surveillance," and penalties will be imposed for unjustified and excessive price increases.

Special types of bread containing additives can be sold at prices above 200 dinars, to be set by the manufacturers themselves.

The competent federal organs have not opted for direct price regulation. The new decision on the way of formulating prices of coarse white bread defines more strictly the parameters according to which they are set. The intention is to reduce to a minimum any possibility of noneconomic elements being built into prices.

It is notable that compared with the prices that were annulled 10 or so days ago after less that 24 hours, the prices of higher-quality types of bread have undergone rather less change than prices of bread from flour type 850. White bread, it may be recalled, had in the majority of republics and provinces cost 170-200 dinars and has rarely exceeded that level.

Coarse white bread, however, has reached 150 dinars. By such a policy the federal government evidently wants primarily to protect the living standard of Yugoslavs in the low-income bracket, in whose diet bread is a very important element.

This time, along with the decision on the way of formulating prices of coarse white bread, a regualtion has been issued which guarantees that at least 30 percent of bread on retail sale must be of this type. Stores are also obliged to comply with this, and infringement of this regualtion wiil be very strictly punished, the FEC assures us. It is also envisioned that if the necessary percentage of coarse white bread is not available, then white bread must be sold at the lower price of coarse white.

There is still no definitive answer to the question of whether the new price, within the framework anticipated by the EFC, will enable millers and bakers to extricate themselves from their losses and to improve perceptibly their economic position. The Federal Committee for Agriculture considers that the situation will indisputably improve, but to what degree is yet to be seen. Everything points to the conclusion that the share of the burden of the relatively low price of coarse white bread will nevertheless fall upon manufacturers, too. It will of course be compensated for by the prices other of types of bread, while the republics and provinces have assumed the obligation to compensate for cheaper bread by social policy measures. It has been calculated that the new price of bread, which, it is not hard to imagine, will be no lower than the ceiling set by the FEC, wil have the effect of increasing retail prices by 1.2 percent and increasing the cost of living by about 1 percent. Cost prices will on this basis rise by less that 1 percent.